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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/610,540	07/07/2000	Richard Elder	CITI0170-US	5478

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EXAMINER

CHANG, SABRINA A

ART UNIT PAPER NUMBER

3625

DATE MAILED: 03/19/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/610,540

Applicant(s)

ELDER, RICHARD

Examiner

Sabrina Chang

Art Unit

3625

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 07 July 2000.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-21 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-21 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 07 July 2000 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☒ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>4</u> . | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-4, 9-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shkedy U.S. Patent No. 6,260,024.

Shkedy discloses a method and system for providing a bi-lateral auction at a central controller, via a computer network. Multiple buyers are combined to submit a group bid for sellers' products, in order to take advantage of economies of scale. The aggregation of orders demands that all contracts must be binding. As such, Shkedy specifically emphasizes that all parties be verified as holding an account at the central controller and that all parties have adequate credit to execute any transaction.

Before adding a buyer's forward purchase order, FPO, to the aggregated asking price, the central controller authenticates the buyer's identification number against a buyer database (identifying a population comprising...a potential buyer who are account holders at the central controller). The central controller may require that the buyer provide a credit card number and may also ensure that the buyer has sufficient credit available to cover the purchase price specified in the FPO [Col 5, Lin 61].

A seller then views these aggregated FPOs and places their own "bid" on the contract. The central controller authenticates the identity of the seller as well as verifying the seller's

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probable capacity to deliver the goods [Col 17, Lin 1]. Authentication involves the central controller extracting the seller ID from the seller's "bid" and looking up the seller's identity in seller database (identifying a population comprising...a potential seller who are account holders at the central controller) [Col 17, Line10].

The winning sellers/buyers are informed of the purchase. The seller transfers goods to the buyer. The central controller acts as the arbiter in cases where the goods do not meet the buyer's satisfaction. Upon completion of delivery and verification of buyer satisfaction, the central controller automatically confers payment to the seller [Col 18, Line 1].

Shkedy discloses an embodiment where the central controller can be comprised of three distinct elements, an operations server, that handles the posting and receipt of buyers' bids, a certificate authority, which authenticates the identify of buyers and sellers, and a settlement server, which verifies the ability of buyers to pay and the ability of sellers to deliver on FPOs and seller bids. Shkedy discloses that a bank, insurance company or other financial institution could act as the settlement server, establishing the identity of an individual, buyer or seller in that these financial institutions have the capability to back up their certifications and thus can insure both buyers and sellers against fraud. [Col 25, Line 49].

Shkedy does not explicitly disclose that the central controller is a financial institution. In that the purpose of applicant's invention is to decrease the probability of fraud in an auction by first verifying the physical existence and the credit of a participant, Shkedy solves a similar problem by verifying the identity of an account holder. It would have been obvious to one skilled in art at the time that the central controller of the auction could have been any type of

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institution, including a financial institution, that has "account holders", in order to verify the identities of the auction participants and decrease fraud.

Claims 5-8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shkedy, as rejected in claims 1, in view of the article "eBay Launches the Most Comprehensive Trust and Safety Upgrades to the World's Largest Person-To-Person Trading Site" (January 15, 1999. PR Newswire).

Shkedy also explicitly discloses that the central controller could proactively contact a seller when a buyer requests an item that the seller can provide [Col 6, Line 47].

Shkedy does not explicitly disclose:

- Tracking auction performance histories for each buyer and each seller, where the histories include at least payment, purchasing, delivery and product conformance history
- Alerting a potential buyer based on the potential buyer's tracked purchasing history when a good is listed on the auction website that is in line with the potential buyer's tracked purchasing history

The article "eBay" teaches the tracking of an auction participant's performance, i.e. delivery of goods, payment scheduling, etc. [Feedback Forum, Deadbeat Bidder Policy] in order to reduce the incidence of fraud. The article does not disclose a bi-lateral, buyer driven auction. However in that both Shkedy and "eBay" are simply auctioning systems that seek to verify the identity of its participants, it would have been obvious to one skilled in the art at the time to modify Shkedy to include the ability to track an auction participant's past performance, as taught by eBay, in order to reduce the incidence of fraud. Further in that already Shkedy discloses the ability to proactively notify a potential auction participant of an item of interest, it would have been obvious to a skilled artisan to modify the system to notify the first participant specifically when an item, associated with a second participant who has an acceptable performance history –

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as taught by "eBay" – is available, in order to decrease the first participant's effort in finding desirable items for purchase.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

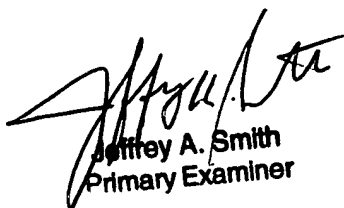
"Online Auctions Named No. 1 Internet Fraud Complaint for 1998" discloses the seriousness of fraud in online auctions. The article does not disclose specific means to solve the problem.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sabrina Chang whose telephone number is 703 305 4879. The examiner can normally be reached on 8:30 am - 5:30 pm Mon.- Fri..

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins can be reached on 703 308 1344. The fax phone numbers for the organization where this application or proceeding is assigned are 703 305 7687 for regular communications and 703 305 7687 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703 308 1113.

SC
March 10, 2003


Jeffrey A. Smith
Primary Examiner